fiscal resources that allows transfers to be made through state budgets which promote a fair and stable economic system. Until then, the state accommodates powerful groups by transferring resources to them in exchange for political support and in some instances the ability of these groups to mobilize by deploying musclemen and thugs to win elections.

Many of the quandaries that we face could very well be related to our level of economic development and the process of accumulation that is involved. For instance, it is well known that no Indian university features in the top 100 worldwide. But it turns out India is a higher achiever than what would be predicted if one were to control for GDP per capita whilst doing the rankings. The stage of development is related to the politics of accommodation of patron-client relationships and off-budget redistributions that are illegal and unjust. Political survival requires corruption which in turn draws in certain types of individuals to seek public office which is entwined with their search for individual enrichment. It is not greed or the lack of public awareness or mobilization that is responsible for such outcomes. Rather it is a context of rapid economic and political change and conflict in society which is attempting to rewrite the rights and obligations of various groups. This makes earlier processes non-viable for sustaining a system of rights that are backed by legal and voluntary transfers. Once social transformation transits to a stage where there is an entrenched and stable structure of rights that can be sustained by the economic surplus it generates, we would have a politico-economic system that will have the fiscal resources to contain corruption as well as conflict. Social change happens partially through a change of preferences and the emergence of political will and partially through a change in the underlying objective conditions that sustain states. This book reminds us that the growth process in India is underpinned by violence and a path of development where the standard of living of the majority of Indians is at best described as uncivilized. It is a tour de force of insights, a panoptic view, and a documentary of the ingredients behind the underlying processes of change that are dominating the Indian landscape today.

Errol D’Souza
Professor of Economics
Indian Institute of Management, Ahmedabad
e-mail: errol@iimahd.ernet.in

Business and Community: The Story of Corporate Social Responsibility in India

Pushpa Sundar
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Corporate Social Responsibility (CSR) is a much discussed topic today. There are many who still subscribe to Milton Friedman’s famous assertion that the sole responsibility of a corporation is to maximize its profits and the corporation is responsible only to its shareholders. But this tribe is dwindling, and increasingly many are advocating a more active role for corporations with respect to their responsibilities to the other stakeholders including the community around them, and the larger society. Governments are even contemplating mandatory allocation of a certain portion of the corporations’ earnings for CSR activities and its inclusion in their Annual Reports. Few would have the audacity to state in their Annual Reports that they do not believe in CSR and refuse to undertake any CSR activities.

Apart from complying with the basic requirements and displaying some commitment to CSR, has CSR really been in the blood of Indian companies? Do they believe in it? Pushpa Sundar’s book attempts to answer these questions by tracing the history of CSR and the philanthropic activities of business and business firms in India from the year 1850 onwards. She had published an earlier book, in 2000, titled Beyond business: From merchant charity to corporate citizenship, in which she had explored the evolution of the concept of CSR as a social contract between business, on the one hand, and the state and civil society, on the other. Her latest book takes the recent developments into account and though it draws on the earlier book heavily, it is not just an update. It takes a more critical look at the post-millennium developments in the con-
cepts and practices of Indian firms in this field. It examines the way forward, given the changed expectations of society and government from business.

Organization of the Book

The book is organized into ten chapters in three parts. After the introductory chapter and a chapter discussing conceptually the idea of using private wealth for public good that lies at the heart of the notion of CSR, we come to Part I that is the story of business-community relationship in the period 1850-1990. Part II captures the period 1990-2012. In Part III, dealing with “tomorrow”, two chapters discuss the challenges ahead and the concept of CSR as trusteeship.

The author uses the term CSR as a “catch-all term to indicate business-community social engagement for mutual benefit” and includes notions such as corporate philanthropy (often indistinguishable from that of the owners in their individual capacity), “responsible” business behaviour, “good” citizenship, and so on. The problem of lack of a good definition has plagued the concept of CSR. This enables the author to include very different actions under CSR, just as it has enabled firms to damage environment, engage in dubious practices, and then expiate themselves through donations. But it must be said that the story of philanthropy narrated in the book contained such ambiguity all through in the minds of the corporate leaders. In short, the term has been too much of a catch-all.

An Overview of the Contents of the Book

Chapter 1, “Introduction”, deals with the issues regarding CSR in a broad sweep and seeks to raise a set of questions to be studied and answered. These arise from what the author calls a social contract between business and society. Merely complying with the legislation existing at a time is not CSR; CSR extends to some notion that business needs to give back to society something more than its goods and sources traded for value. Business, after all, deserves its existence and raison d’être from society, but is also the overwhelmingly largest producer of wealth in society. As such, business gives as well as receives, and the notion of a social contract extends beyond the transactional economic contract between business and their customers and suppliers.

Chapter 2, titled “Private Wealth for Public Good” develops these notions further. It starts by distinguishing between charity (to an individual or a small group for a particular cause, as for example, to remove or alleviate a particular suffering), philanthropy (giving for institutions that address underlying problems and improve society in a larger sense, as for example, to medical foundations, educational institutions, and cultural institutions), corporate citizenship (a more institutionalized form of corporate philanthropy), and CSR, essentially a catch-all term. Common with all these notions seems to be a degree of voluntariness (which means it cannot be legislated).

The author notes that though the idea of charity and philanthropy was integral to the Western society (as it was with the Indian), it was really with industrialization that they took off in a big way. This was especially so in America, where the Protestant Ethic enjoined hard work and accumulation of fortunes, which, however, were to be held as a sort of trust. Thus John Rockefeller, Andrew Carnegie and other great industrialists were also big time philanthropists, the likes of whom were not found in the UK or Europe. Over time, it was also seen as an obligation for corporations to set apart a portion of their profits for such philanthropic activities that would be called CSR today.

In the same chapter, Sundar proceeds to briefly look at the concept of sharing of wealth in India. She points out that the concept of daana was always an Indian tradition. In later days, Gandhi’s idea of trusteeship, strongly influenced by Ruskin’s Unto This Last emphasized the need to use wealth for the larger benefit of the society, not merely the shareholders.

Sundar also devotes a section on Business and Ethics, subsuming this also under CSR. The rationale for this section is not clear, for ethics is not the same thing as being socially responsible, although lack of ethics denotes irresponsibility. The examples chosen do not seem to bear on the main theme of the book, as for example, Tata’s foray into prawn farming in Orissa. Two other examples, namely, those of Ramalinga Raju of Satyam and Rajat Gupta have even less to do with CSR, being delinquencies at the individual level (though Raju and Satyam left a great legacy, the 108 ambulance service). Other examples such as those of the Gates Foundation and the Glaxo Smith Kline (GSK) initiative for training of rural doctors may be more to the point, though the former was from the personal wealth of Bill Gates rather than corporate Microsoft.
Chapter 3 is the first chapter of Part II that deals with the growth of the concept of linkage of business and society between 1850 and 1990. This chapter traces the development of Indian business and MNCs in India. The next three chapters deal with three periods, 1850-1941, 1941-1960, and 1960-1990.

Chapter 3 is a historical summary of the development of Indian business, documented so ably by business historians such as Dwijendra Tripathi. It is a stepping stone to the next three chapters which deal with the linkage to business philanthropy and CSR ideas. Surprisingly, apart from philanthropic urges, the patriotism and an urge to build a modern India on the part of the industrialists in colonial India is under-emphasized by the author. Despite resistance from the British, many of these industrialists set up, not only their industries, but also centres of education, research, art and culture, a true manifestation of their sense of responsibility to society.

Chapter 4 details the contributions made by eminent Indian businessmen such as Sir Jamsetji Jeejeebhoy, JN Tata, Rajah Annamalai Chettiar and countless others. Their contributions were both to charity and philanthropy and many institutions owe their existence to these persons of vision. The British did support and encourage some of these initiatives, but there was no policy framework to do so. What was done was done at the initiative of merchants and businessmen, building on a tradition of sharing of wealth and daana in India.

The title of Chapter 5, “Corporate Philanthropy (1941-1960)” is somewhat puzzling. It mostly deals with philanthropic and CSR activities in the pre-Independence era, and contains useful information on the 19th and the early 20th centuries, which actually would have been more appropriate in Chapter 4. Nevertheless, the coverage on the philanthropic activities of business groups such as Tatas and Birlas, and business communities such as Chettiars, Jains and others all over India is valuable. The chapter concludes with the question as to “whether social responsibility was equally evident” (in such philanthropic activities). Excessive profiteering, sharp business practices, siphoning off wealth for private use and a lavish lifestyle were always a part of business ethos and continue to be so even today. Sundar mentions Gandhi’s influence several times, but as she notes, businessmen were equally concerned about keeping themselves in the good books of the British Government and most of them were never concerned with anything other than profit.

Chapter 6, the concluding chapter of Part I, “Towards Corporate Social Responsibility (1960-1990)”, looks at the major changes that took place with the end of the Nehruvian era, the emergence of Indira Gandhi and her populist policies, and the general changes in attitudes of businessmen. Sundar notes that the socialist approach and the emergence of public sector as the dominant player led to a certain “sapping of self-confidence” (p. 168), and punitive taxation left much less to spare for philanthropy or charity. But huge generation of black money in this era led to a general change in the outlook towards what business and life is all about, and conspicuous consumption, with little concern for others became the norm. Paradoxically, there was also a steep growth in charitable trusts, but these were mainly tax shelters and in fact adjustments to the main businesses. But the welcome trend was the emergence of many new firms (such as Mahindras, Bajaj, etc.) that emphasized contributions not only by way of donation but also by way of managerial skills and time from employees. There were some explorations on community development and social welfare programmes. But the emergence of new scions, better educated and more westernized, saw questions being asked as to why such activities could not be performed by the government from the taxes it collected. There was a further rethink on the form CSR should take.

Chapter 7 of Part II, “Winds of change”, discusses the major changes, post-1990, such as globalization, liberalization of the Indian economy, and the various incentives that the government has offered for specific activities that may be loosely grouped under CSR. Along with the thinking of the Indian firms on a global scale, the expectations from business on the part of the society and the government also underwent a radical change. Surely public-private partnerships in specific areas of social development are a step forward; but the recent attempts by governments making it mandatory to spend at least two percent of their net profits on CSR are debated and considered as less preferable to voluntary activities. The approaches of Narayana Murthy of Infosys and Azim Premji of Wipro are cited as models for the way forward.

Chapter 8, “CSR in Action”, portraying Indian CSR as coming out from different surveys and anecdotal examples, is interesting. The broad conclusion of the chapter is that CSR as an activity is not very well understood.
or practised, especially among small- and medium-scale companies, but companies are becoming more conscious of the need to be responsible than merely “doing some CSR”. According to Sundar, these are welcome signs but the extent to which companies have adopted the ideas of CSR and internalized them leaves much to be desired.

Part III, starting with chapter 9, discusses the challenges in the coming years. The emergence of civil society, NGOs and various activist groups has led to the necessity to deal with diverse groups (in addition to government) and hence “management” of business involves complex social skills as well. The competitive pressures, on the other hand, have increased and business heads need to balance the environmental responsibilities with their competitiveness. Three particular challenges cited by the author are pollution (of air, water, and ground water), depletion of resources and land acquisition. One may disagree with the particular perspective taken by the author with regard to specific examples such as Tata’s experience in Singur, but cannot but agree with her broader theme – the need to be sensitive to the concerns of stakeholders and how to manage situations before they get out of hand. In addition to the skills of competing, business would also need skills to collaborate and cooperate.

The final chapter, “CSR as Trusteeship”, is partly a sum up of the points covered in earlier chapters and partly an attempt to redefine CSR as trusteeship, as advocated by Gandhi. It exhorts business to work in random with other institutions, groups, and society so as to be an agent of social change.

The Critique

The book is certainly an admirable effort at reviewing CSR, in whatever form it might have been known, as a concept in India over the years and what it means in today’s circumstances. It is also a plea for recognizing the role of business not solely as a means of making profits for its shareholders, but rather as a societal institution, meant to improve society as a whole. The author tries to define CSR in very broad terms, which is a problem, for if we include R&D for product improvement, employee benefits, and stock options in CSR (as the author has done), then there will be few companies not engaging in CSR. This lack of clarity of what constitutes CSR and what does not, imposes some limitations on an otherwise admirable appeal to redefine business more broadly.

I wish, the author, with her broad experience had taken the opportunity to define CSR more clearly and shown how it would fit with the objectives of business. For example, there is no discussion on the alternative viewpoint of Milton Friedman and many others that business is essentially an economic agency for its shareholders and it has no business to be in anything but pure business. This view is to be reconciled with what today is loosely discussed as corporate responsibility not merely to be a good citizen obeying all its laws but extending beyond it. Then the real role of CSR would emerge more clearly.

Distinction also needs to be made between philanthropy with one’s own money and corporate philanthropy which is with other people’s money. There are good reasons even for the latter, may be for its own sake or as a means of enlightened self-interest, but these need to be discussed. Regarding the examples the author has quoted, one is not clear as to what extent they are from the personal wealth of business men, in which case they really cannot be said to be CSR (of course, some of these businesses were purely proprietary or privately owned).

Another crucial area which could have been discussed is whether the corporations are the best agencies to do much of the work that goes in the name of CSR. Supporting with funds is one thing, being involved in the active execution of some projects is another. There may be direct conflict with government agencies when such projects are attempted directly by firms, for example, in improving sanitation or providing education. These are basically the functions of the government, and to what extent business should substitute the agencies that are in these activities is something that is important to understand.

Putting it in another way, even assuming companies earmark some part of their profits and engage in social activities, would it be the best use of these funds from the broader point of view? What has been the actual experience of these CSR activities? Would it have been better to levy this amount as tax and get the activities done by the agencies best qualified to do so (not necessarily the government itself)?

Such discussions, prevalent in CSR literature, would have enriched the book. History, of course, is valuable, but a more critical look at the underlying concepts would have vastly added more value.
Another important omission in the book is a comparison with international practices. How does the development of concept of CSR in India compare with that in other countries? Does the concept of social responsibility differ among countries? How is the concept changing internationally? A discussion of these issues could have added greater depth to the book.

The book is a good read. Some factual errors could have been avoided, as for example, including Udaipur in Marwar region (p. 53: it is in Mewar, and the inhabitants are not called Marwaris) and naming Sekhsarias (of Gujarat Ambuja Cements) as from the East (p. 75). Distinguishing CSR activities from the core activity of the firm, as for example, supplying milk in tetra paks in the normal course of business (p. 259), or devising the Chotukool coolers by Godrej (p. 261) would have kept the focus of the book sharper.

Nevertheless, for those involved with CSR, whether in companies or outside, the book is invaluable. Its advocacy of CSR as the way to go in future should also serve as a signal to those who may think, rather optimistically, that this is a passing fad.

S Manikutty
Professor (Retd.)
Indian Institute of Management Ahmedabad
Ahmedabad
e-mail: manikutti@iimahd.ernet.in